

STATE: MINNESOTA

ATTACHMENT 4.19-D (NF)

Effective: July 1, 1999

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TN: 99-10

Approved: Dec. 15, 1999

Supersedes: 99-04 (98-22/97-20/97-11)

(a) For a nursing facility that reports salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the Department will determine the payment rate adjustment using the categories listed above multiplied by the rate increases in subitem (1), and then dividing the resulting amount by the nursing facility's actual resident days. In determining the amount of a payment rate adjustment for a nursing facility paid under Section 21.000, the Department must determine the proportions of the nursing facility's rates that are compensation-related costs and all other operating costs based on its most recent cost report; or

(b) For a nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the payment rate adjustment will be computed using the nursing facility's total operating costs, separated into the categories listed above in proportion to the weighted average of all nursing facilities determined under subitem (3), clause (a), multiplied by the rate increases in subitem (1), and then dividing the resulting amount by the nursing facility's actual resident days.

C. If the performance-based contracting payment system anticipated to be effective by July 1, 2001 is not implemented until that date, the salary adjustment per diem in Section 11.055 continues until June 30, 2001.

D. For the rate year beginning July 1, 1999, the following nursing facilities are allowed a rate increase equal to 67 percent of the rate increase that would be allowed if Section 11.047, item A was not applied:

(1) A nursing facility in Carver county licensed for 33 beds and four boarding care beds;

(2) A nursing facility in Faribault county licensed for 159 beds on September 30, 1998; and

(3) A nursing facility in Houston county licensed for 68 beds on September 30, 1998.

E. For the rate year beginning July 1, 1999, the following nursing facilities will be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if Section 11.047, items A and B were not applied:

(1) A nursing facility in Chisago county licensed for 135 beds on September 30, 1998; and

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(2) A nursing facility in Murray county licensed for 62 beds on September 30, 1998.

F. For the rate year beginning July 1, 1999, a nursing facility in Hennepin county licensed for 134 beds on September 30, 1998, will:

(1) Have the prior year's allowable care-related per diem increased by \$3.93 and the prior year's other operating cost per diem increased by \$1.69 before adding the inflation in Section 11.047, item D, subitem (2); and

(2) Be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if Section 11.047, items A and B were not applied.

SECTION 11.050 Changes to nursing facility reimbursement beginning July 1, 2000.

A. The base operating rate is the rate for the rate year beginning July 1, 1998.

B. For the rate year beginning July 1, 2000, the Department will make an adjustment to the total operating payment rate for a nursing facility paid by the prospective rate-setting methodology described in Sections 1.000 to 20.000 or by the contractual rate-setting methodology described in Section 21.000 that submits a plan, approved by the Department, in accordance with subitem (2). Total operating costs will be separated into compensation-related costs and all other costs. Compensation-related costs include salaries, payroll taxes, and fringe benefits for all employees except management fees, the administrator, and central office staff.

(1) For the rate year beginning July 1, 2000, the payment rate is increased by 3.632 percent of compensation-related costs and 2.585 percent of all other operating costs. A nursing facility's final 1999 Medicare cost report will be used to calculate the adjustment.

(2) To receive the total operating payment rate adjustment, a nursing facility must apply to the Department. The application must contain a plan by which the nursing facility will distribute the compensation-related portion of the payment rate adjustment to employees of the nursing facility. For a nursing facility in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan.

(a) The Department will review the plan to ensure that the payment rate adjustment per diem is used as provided in subitem (1).

(b) To be eligible, a nursing facility must submit its plan for the compensation distribution by December 31 each year. A nursing facility may amend its plan for the second rate year by submitting a revised plan by December 31, 2000. If a nursing

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facility's plan for compensation distribution is effective for its employees after July 1 of the year that the funds are available, the payment rate adjustment per diem shall be effective the same date as its plan.

(3) The payment rate adjustment for each nursing facility will be determined under clauses (a) or (b).

(a) For a nursing facility that reports salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the Department will determine the payment rate adjustment using the categories listed above multiplied by the rate increases in subitem (1), and then dividing the resulting amount by the nursing facility's actual resident days. In determining the amount of a payment rate adjustment for a nursing facility paid under Section 21.000, the Department must determine the proportions of the nursing facility's rates that are compensation-related costs and all other operating costs based on its most recent cost report; or

(b) For a nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the payment rate adjustment will be computed using the nursing facility's total operating costs, separated into the categories listed above in proportion to the weighted average of all nursing facilities determined under subitem (3), clause (a), multiplied by the rate increases in subitem (1), and then dividing the resulting amount by the nursing facility's actual resident days.

C. If the performance-based contracting payment system anticipated to be effective by July 1, 2001 is not implemented until that date, the salary adjustment per diem in Section 11.055 continues until June 30, 2001.

SECTION 11.051 Total operating cost payment rate. Through June 30, 1999, the nursing facility's total operating cost payment rate must be the sum of the adjusted prospective case mix and other care-related payment rate determined in Section 11.020 and the adjusted other operating cost payment rate determined in Section 11.040.

SECTION 11.055 Salary adjustment per diem. Effective July 1, 1998, and ending June 30, 2000 2001, the Department shall make available the appropriate salary adjustment per diem calculated in item A through D to the total operating cost payment rate of each nursing facility subject to payment under this attachment, including Section 21.000. The salary adjustment per diem for each nursing facility must be determined as follows:

A. For each nursing facility that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the Department shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator

and central office salaries and the related payroll taxes and fringe benefits, by 3.0 percent and then dividing the resulting amount by the nursing facility's actual resident days.

B. For each nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under item A.

C. A nursing facility may apply for the salary adjustment per diem calculated under items A and B. The application must be made to the Department and contain a plan by which the facility will distribute the salary adjustment to employees of the facility. In order to apply for a salary adjustment, a facility reimbursed pursuant to Section 21.000 must report the information required by items A or B in the application, in the manner specified by the Department. For facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative, after July 1, 1998, may constitute the plan for the salary distribution. The Department will review the plan to ensure that the salary adjustment per diem is used solely to increase the compensation of facility employees. To be eligible, a facility must submit its plan for the salary distribution by December 31, 1998. If a facility's plan for salary distribution is effective for its employees after July 1, 1998, the salary adjustment cost per diem is effective the same date as its plan.

D. Additional costs incurred by facilities as a result of this salary adjustment are not allowable costs for purposes of the September 30, 1998 cost report.

SECTION 11.060 Adjustments to payment rate to comply with OBRA 87. Three one-time adjustments to the operating cost payment rate shall be established to provide additional reimbursement to nursing facilities and boarding care homes to comply with the requirements of the Omnibus Budget Reconciliation Act of 1987 (OBRA '87). These one-time adjustments to the payment rate shall be effective from January 1, 1990 to June 30, 1991. Since payment rates are based on historical facility costs, these adjustments will then be permanently incorporated into facility payment rates effective July 1, 1992.

SECTION 11.061 Nursing staff complement upgrade adjustment. A one-time adjustment to the payment rate shall be determined to adjust payment rates to upgrade the nursing staff complement for nursing facilities and boarding care homes which have all of their licensed beds certified at the intermediate care facility (ICF) level of care. The adjustment to the payment rate determined under this subsection covers cost increases to meet minimum standards for professional nursing staff.

A. The increased cost of professional nursing for an eligible nursing facility shall be determined according to subitems (1) through (4):

(1) Subtract from the number 8760 the compensated hours for professional nurses, both employed and contracted, and if the result is greater than zero, then multiply the result by \$4.55;

(2) Subtract from the number 2920 the compensated hours for registered nurses, both employed and contracted, and, if the result is greater than zero, then multiply the result by \$9.30;

(3) If an eligible nursing facility has less than 61 licensed beds, the director of nurses' compensated hours must be included in the compensated hours for professional nurses in item 1. If the director of nurses is also a registered nurse, the director of nurses' hours must be included in the compensated hours for registered nurses in item 2; and

(4) The one-time nursing staff adjustment to the payment rate shall be the sum of subitems (1) and (2) as adjusted by subitem (3), if appropriate, and then divided by the nursing facility's or boarding care home's actual resident days for the reporting year ending September 30, 1988.

(5) The Commissioner shall recompute the one-time nursing staff adjustment to the payment rate using the data from the cost report for the reporting period ending September 30, 1989, and the adjustment computed under this subitem shall replace the adjustment previously computed under this section effective October 1, 1990, and shall be effective for the period October 1, 1990, to June 30, 1992. For rate years beginning July 1, 1990, if an eligible nursing facility has less than 61 licensed beds, the director of nurses' compensated hours must be excluded from the computation of compensated hours for professional nurses and registered nurses.

B. If the State determines that it is not cost effective to upgrade an eligible nursing facility or boarding care home to the new minimum staff standards, the State may exclude the nursing facility or boarding care home if it is either an institution for mental diseases or a nursing facility or boarding care home that would have been determined to be an institution for mental diseases, but for the fact that it has 16 or fewer licensed beds.

C. If a nursing facility or boarding care home is granted a waiver to the minimum professional nursing staff standards under OBRA '87 for either the professional nurse adjustment referred to in item 1, or the registered nurse adjustment in item 2, the State must recover the portion of the nursing facility's or boarding care home's payment rate that relates to a one-time nursing staff adjustment granted under this section. The amount to be recovered shall be based on the type and extent of the waiver granted.

SECTION 11.062 Adjustment for licensed nursing facilities. A one-time adjustment to the payment rate shall be established for increased costs to licensed nursing facilities certified at the nursing facility (NF) or intermediate care facility (ICF) level of care. This adjustment must not be paid to freestanding boarding care homes. The State shall add 30 cents per resident per day to the nursing home's payment rate.

SECTION 11.063 Adjustment for licensed boarding care homes. A one-time adjustment to the payment rate shall be determined for increased costs to licensed freestanding boarding care homes certified at the intermediate care facility (ICF) level. The maximum allowable annual adjustment per bed is \$300.

A. The adjustment to the payment rate determined under this subpart covers increased costs for a medical director, nurse aide training for newly hired aides, ongoing in-service training for nurses aides, and other requirements identified by the State that are required because of OBRA '87.

B. Each facility eligible for this adjustment shall submit to the State a detailed estimate of the cost increases the facility will incur for those costs listed under item A. The costs that are determined to be reasonable and necessary for a freestanding certified boarding care home to comply with OBRA '87, except those costs associated with professional nursing staff complement increases, must be included in the calculation of this adjustment.

C. The one-time adjustment is the cost allowed in item B, subject to the \$300 maximum allowable annual adjustment per bed, divided by the boarding care home's actual resident days for the reporting year that ended September 30, 1988.

SECTION 12.000 DETERMINATION OF INTERIM AND SETTLE-UP OPERATING COST PAYMENT RATES

SECTION 12.010 Conditions. To receive an interim payment rate, a nursing facility must comply with the requirements and is subject to the conditions in Section 15.140, items A to C. The Department shall determine interim and settle-up operating cost payment rates for a newly constructed nursing facility, or one with an increase in licensed capacity of 50 percent or more according to Sections 12.020 and 12.030.

SECTION 12.020 Interim operating cost payment rate. For the rate year or portion of an interim period beginning on or after July 1, 1987, the interim total operating cost payment rate must be determined according to Sections 1.000 to 14.000, except that:

A. The nursing facility must project its anticipated resident days for each resident class. The anticipated resident days for each resident class must be multiplied by the weight for that resident class as listed in Section 13.000 to determine the anticipated standardized resident days for the reporting period.

B. The Department shall use anticipated standardized resident days in determining the allowable historical case mix operating cost standardized per diem.

C. The Department shall use the anticipated resident days in determining both the allowable historical other care-related operating cost per diem and the allowable historical other operating cost per diem.

D. The annual adjustment factors determined in Section 10.010, must not be applied to the nursing facility's allowable historical per diems as provided in Sections 11.020 and 11.040.

~~E. The limits established in Section 10.020, items C and E, as indexed in Section 10.030 and in effect at the beginning of the interim period, must be increased by ten percent.~~

~~F. The efficiency incentive in Section 11.040, items A or B, must not apply.~~

SECTION 12.030 Settle-up operating cost payment rate. The settle-up total operating cost payment rate must be determined according to items A to C.

A. The settle-up operating cost payment rate for interim periods before July 1, 1987, is subject to the rule parts that were in effect during the interim period.

B. To determine the settle-up operating cost payment rate for interim periods or the portion of an interim period occurring after July 1, 1987, subitems (1) to (7) must be applied.

(1) The standardized resident days as determined in Section 9.020 must be used for the interim period.

(2) The Department shall use the standardized resident days in subitem (1) in determining the allowable historical case mix operating cost standardized per diem.

(3) The Department shall use the actual resident days in determining both the allowable historical other care-related operating cost per diem and the allowable historical other operating cost per diem.

(4) The annual adjustment factors determined in Section 10.010 must not be applied to the nursing facility's allowable historical per diems.

~~(5) The limits established in Section 10.020, item E, must be the limits for the settle-up reporting periods occurring after July 1, 1987. If the interim period includes more than one July 1 date, the Department shall use the limit established in Section 10.020, items C and E, as indexed in Section 10.030 increased by ten percent for the second July 1 date.~~

(6) The efficiency incentive in Section 11.040, items A or B, must not apply.

C. For the nine-month period following the settle-up reporting period, the total operating cost payment rate must be determined according to item B except that the efficiency incentive as computed in Section 11.040, item A or B, applies.

D. The total operating cost payment rate for the rate year beginning July 1 following the nine-month period in item C must be determined under Sections 6.000 to 14.090.

E. A newly-constructed nursing facility or one with an increase in licensed capacity of 50 percent or more must continue to receive the interim total operating cost payment rate until the settle-up total operating cost payment rate is determined under this subpart.

SECTION 13.000 RESIDENT CLASSES AND CLASS WEIGHTS.

SECTION 13.010 Resident classes. Each resident or applicant must be assessed according to items A to E based on the information on the assessment form completed in accordance with Sections 14.000 to 14.060 (Resident Assessment Section).

A. A resident or applicant must be assessed as dependent in an activity of daily living according to the following table:

<u>ADL</u>	<u>Dependent if Score</u> <u>At or Above</u>
Dressing	2
Grooming	2
Bathing	4
Eating	2
Bed mobility	2
Transferring	2
Walking	2
Toileting	1

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B. A resident or applicant assessed as dependent in fewer than four of the ADLs in item A must be defined as Low ADL. A resident or applicant assessed as dependent in four through six of the ADLs in item A must be defined as Medium ADL. Each resident or applicant assessed as dependent in seven or eight of the ADLs in item A must be defined as High ADL.

C. A resident or applicant must be defined as special nursing if the resident or applicant meets the criteria in subitems (1) or (2):

(1) the resident or applicant is assessed to require tube feeding; or

(2) the resident or applicant is assessed to require clinical monitoring every day on each shift and the resident is assessed to require one or more of the following special treatments:

- (a) oxygen and respiratory therapy;
- (b) ostomy/catheter care;
- (c) wound or decubitus care;
- (d) skin care;
- (e) intravenous therapy;
- (f) drainage tubes;
- (g) blood transfusions;
- (h) hyperalimentation;
- (i) symptom control for the terminally ill; or
- (j) isolation precautions.

D. A resident or applicant must be defined as having a neuromuscular condition if the resident or applicant is assessed to have one or more of the diagnoses coded to the categories in subitems (1) to (8) according to the International Classification of Diseases, 9th Revision, Clinical Modification (ICD-9-CM).

- (1) diseases of nervous system excluding sense organs (320-359 excluding 331.0);